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July 20, 2005

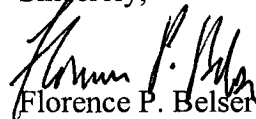
Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
**South Carolina Public Service Commission**  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Petition of the Office of Regulatory Staff to Request Forfeiture of the  
Bond and to Request Authority to Petition the Circuit Court for  
Appointment of a Receiver.  
PSC Docket No.:

Enclosed for filing please find the original and twelve (12) copies of the Petition of the Office of Regulatory Staff for an Emergency Order Pursuant to 26 S.C. Code Regs. 103-886 enjoining Piney Grove Utilities, Inc. from Disconnecting or Discontinuing Service to Customers Located in Lloydwood and Franklin Park Subdivisions. We will hand deliver a date-stamped copy to Piney Grove Utilities, Inc.'s Attorney of Record, Mr. Louis Lang and have served Mr. Reese Williams via certified mail and have provided a certificate of service to this effect.

Please let me know if you have any questions.

Sincerely,

  
Florence P. Belser

Enclosures

cc: D. Reece Williams, IV, President  
Louis Lang, Esquire

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2005-220-W/s

|  |                                 |
|--|---------------------------------|
| PETITION OF THE OFFICE OF REGULATORY )<br>STAFF FOR AN EMERGENCY ORDER )<br>PURSUANT TO 26 S.C. CODE REGS. 103-886 )<br>ENJOINING PINEY GROVE UTILITIES, INC. )<br>FROM DISCONNECTING OR )<br>DISCONTINUING SERVICE TO CUSTOMERS )<br>LOCATED IN LLOYDWOOD )<br>AND FRANKLIN PARK SUBDIVISIONS. )<br>_____ ) | PETITION FOR<br>EMERGENCY ORDER |
|--|---------------------------------|

Pursuant to 26 S.C. Code Regs. 103-886 (Supp. 2004), the Office of Regulatory Staff (ORS) seeks the issuance of an Order from the Public Service Commission of South Carolina (Commission) enjoining Piney Grove Utilities, Inc. (Piney Grove) from disconnecting and/or discontinuing sewer service to customers located in Piney Grove's service area in Lloydwood Subdivision, Albene Park Subdivision, and Franklin Park Subdivision and/or in the case where Piney Grove has disconnected/discontinued service to any customer(s) requiring Piney Grove to reconnect service and to maintain the status quo until further Order of the Commission.

ORS, by filing this petition, would respectfully show and request of the Commission the following:

1. The Public Service Commission of South Carolina ("the Commission") is a state agency constituted pursuant to the laws of the State of South Carolina with its

business offices located in Columbia, South Carolina; that the Commission is responsible for the regulation of wastewater utilities operating for compensation as set forth in S.C. Code Ann. §58-5-10 et seq. (2004 Supp.).

2. The Office of Regulatory Staff (“ORS”) is charged with the duty to “represent the public interest of South Carolina before the Commission” pursuant to S.C. Code Ann. Section 58-4-10, et seq. as enacted by 2004 Acts 175.

3. D. Reece Williams, IV is the owner of Piney Grove. See Exhibit A, Order No. 2001-761 issued in Docket No. 2000-588-W (August 20, 2001).

4. Piney Grove is currently operating as a “public utility” as defined in S.C. Code Ann. §58-5-10(3) (2004 Supp.) in that it is incorporated for the purpose of providing sewerage collection and sewerage disposal to the public or any portion thereof, for compensation; and that Piney Grove provides sewer service to customers in the Lloydwood and Franklin Park Subdivisions in Lexington and Richland Counties.

5. Piney Grove is subject to the jurisdiction of this Commission pursuant to S.C. Code Ann. §58-5-210 et seq. (2004 Supp.); that Piney Grove has previously submitted itself to the jurisdiction of the Commission by filing an application for approval of rates and charges for water and sewer service provided to its customers in Commission Docket No. 90-807-W/S; and that in Docket No. 2000-588-W, Mr. Williams petitioned the Commission to merge the stocks of Eagle Point Water Company, Inc. in Clarendon County, Tickton Hall Water Company in Jasper County and Piney Grove into Piedmont Water Company, Inc. (“Piedmont”) thereby submitting to and acknowledging the jurisdiction of the Commission. See Exhibit A.

6. Staff members of ORS have been informed that Piney Grove has indicated to the South Carolina Department of Health and Environmental Control (DHEC) and to customers in the Lloydwood and Franklin Park Subdivisions that Piney Grove will disconnect/discontinue sewer service to customers which are delinquent on payment of their sewer bills. This information was provided to ORS by employees of DHEC and by a customer located in Piney Grove's service area.

7. ORS asserts that, should Piney Grove disconnect/discontinue sewer service to its customers at this time, such disconnection/discontinuance of service would be in violation of the Commission's Rules and Regulations.

8. 26 S.C. Code Regs. 103-535.1(Supp. 2004) requires that certain notice be afforded customers, the Commission, and the county health department before any sewer service may be disconnected/discontinued. 26 S.C. Code Regs. 103-535.1(Supp. 2004) provides that

Before any sewerage service may be discontinued, the utility must give thirty (30) days written notice to the customer, by certified mail, unless R.103-535.A is applicable, with copies forwarded to the appropriate county health department and the South Carolina Public Service Commission. At the expiration of the thirty (30) day period, the utility shall post a second notice by certified mail to the customer advising that in not less than 10 days nor more than 30 days, his service may be discontinued at any time without further notice. After the physical discontinuance of any sewerage service, the Division of Sanitary Engineering of the South Carolina Department of Health and Environmental Control shall immediately be notified of the action and the name and address of the customer. Service will be terminated only on Monday through Thursday between the hours of 8:00 A.M. and 4:00 P.M., unless provisions have been made to have someone available to accept payment and reconnect service.

ORS is not aware of the 30 day notice of disconnect/discontinuance as required by 26 S.C. Code Regs. 103-535.1 (Supp. 2004) having been forwarded, filed, served, or otherwise provided to the Commission.

9. ORS is informed by a customer of Piney Grove whose house was “tagged” by Piney Grove for disconnection/discontinuance of sewer service that he has not received notice of disconnection/discontinuance of sewer service prior to having his house “tagged” on Tuesday, July 19, 2005.

10. ORS asserts that failure of Piney Grove to forward, file, serve, or otherwise provide the appropriate notice of disconnect/discontinuance of service to the Commission renders any disconnection/discontinuance of sewer service at this time in violation of the Commission’s Rules and Regulations. Further, failure of Piney Grove to serve a 30 day written notice, by certified mail, upon the customer(s) followed by another written notice to the customer of not less than 10 days and not more than 30 days before the disconnection renders such disconnection/discontinuance in violation of the Commission Rules and Regulations, specifically in violation of 26 S.C. Code Regs. 103-535.1(Supp. 2004).

11. 26 S.C. Code Regs. 103-886 (Supp. 2004) provides as follows:

A. When it appears to the Commission Staff that a utility is planning to disconnect its service to a customer(s) in violation of the Commission's Rules and Regulations and under circumstances which prevent the full Commission from meeting to address the issue, upon the request of the Commission Staff, any one Commissioner may issue an Order on behalf of the Commission restraining and/or enjoining a utility from disconnecting service or requiring the utility to maintain the status quo with its customer(s) until further Order of the Commission. Thereafter, at the next scheduled Commission meeting with proper legal

notice, the full Commission shall consider the Order of the single Commissioner and take such action on the single Commissioner's Order as it deems appropriate.

B. When it appears to the Commission Staff that a utility has disconnected a customer's (s') service in violation of the Commission's Rules and Regulations and under circumstances which prevent the full Commission from meeting to address the issue, upon the request of the Commission Staff, any one Commissioner may issue an Order on behalf of the Commission requiring the utility to reconnect the service and maintain that status quo until further Order of the Commission. Thereafter, at the next scheduled Commission meeting with proper legal notice, the full Commission shall consider the Order of the single Commissioner and take such action on the single Commissioner's Order as it deems appropriate.

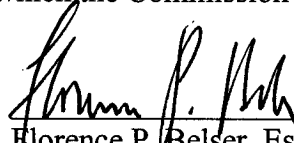
12. ORS, as successor to the Commission Staff following enactment of 2004 Acts 175 and the restructuring of the Commission and the creation of ORS, is the proper party to request the issuance of an emergency order under 26 S.C. Code Regs 103-886 (Supp. 2004).

13. It appears to ORS that Piney Grove is planning to and/or preparing to disconnect customers in violation of the Commission's Rules and Regulations. Accordingly, ORS seeks emergency relief from the Commission pursuant to 26 S.C. Code Regs. 103-886 (Supp. 2004). Specifically, ORS requests that the Commission issue an order restraining and/or enjoining Piney Grove from disconnecting service or requiring the utility to maintain the status quo with its customer(s) until further Order of the Commission. Further, ORS requests that if Piney Grove has already disconnected/discontinued service to any of its customers that the Commission issue an Order directing and requiring Piney Grove to reconnect service to those customers and to maintain the status quo until further Order of the Commission. In the event that the full

Commission cannot meet to address this request, ORS requests that a single Commissioner issue the requested Order.

**WHEREFORE**, ORS prays that the Honorable Commission:

1. Issue an Order restraining and/or enjoining Piney Grove from disconnecting service and/or requiring the utility to maintain the status quo with its customer(s) until further Order of the Commission;
2. Issue an Order requiring Piney Grove to reconnect service to any customer to whom Piney Grove has disconnected/discontinued service and to maintain the status quo until further Order of the Commission; and
3. For other appropriate action which the Commission may deem necessary.

  
\_\_\_\_\_  
Florence P. Belser, Esquire  
Benjamin P. Mustian, Esquire  
**Office of Regulatory Staff**  
P.O. Box 11263  
Columbia, South Carolina 29211  
(803) 737-0800

July 20, 2005  
Columbia, South Carolina

**EXHIBIT A**

**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF**

**SOUTH CAROLINA**

**DOCKET NO. 2000-588-W - ORDER NO. 2001-761**

**AUGUST 20, 2001**

|   |          |                        |
|---|----------|------------------------|
| <b>IN RE: Application of Piedmont Water Co., Inc. for</b> | <b>)</b> | <b>ORDER APPROVING</b> |
| <b>Approval to Consolidate Eagle Point Water</b>          | <b>)</b> | <b>CONSOLIDATION</b>   |
| <b>Co., Inc. and Piney Grove Utilities, Inc.</b>          | <b>)</b> |                        |

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Piedmont Water Company, Inc. (Piedmont or the Company) requesting approval to consolidate the stock of Eagle Point Water Co., Inc. (Eagle Point) in Clarendon County, Piney Grove Utilities, Inc. (Piney Grove) (known as C.W. Haynes Co., Inc.) in Richland and Lexington Counties, and Tickton Hall Water Co. (Tickton Hall) in Jasper County into Piedmont.

The Commission's Executive Director directed the Company to publish a Notice of Filing one time in newspapers of general circulation in the areas affected by the Application. Further, the Company was directed to notify each affected customer in writing. The Company furnished affidavits to show compliance with the instructions of the Executive Director. No Protests were filed. Petitions to Intervene were received from the South Carolina Department of Health and Environmental Control (DHEC) and the Consumer Advocate for the State of South Carolina (the Consumer Advocate).

Accordingly, a hearing was held on June 28, 2001 at 10:30 AM in the offices of the Commission, with the Honorable William Saunders, Chairman, presiding. The



Company was represented by Louis Lang, Esquire. DHEC was represented by Mason Summers, Esquire. The Consumer Advocate was represented by Charles Knight, Esquire. The Commission Staff (the Staff) was represented by F. David Butler, General Counsel. The Company presented the direct and rebuttal testimony of D. Reece Williams, IV. DHEC presented the testimony of Lewis Nelson Roberts, Jr. (Although DHEC prefiled the testimony of Anastasia Hunter Shaw, it did not present her testimony during the hearing.) The Consumer Advocate presented no witnesses. The Staff presented the testimony of William O. Richardson.

D. Reece Williams, IV, President of Piedmont Water Company, Inc. testified. Williams stated that he is either the sole shareholder or the sole shareholder of a corporation which owns the stock in Eagle Point, Piney Grove, and Tickton Hall, and that he wishes to merge all of the stock of these companies into Piedmont. Williams stated that such a merger will allow him to simplify the corporate record keeping and reporting required of these corporations by various regulatory and supervisory agencies. In addition, in his view, the consolidation would make more efficient the day to day administrative operation of these corporations, and would allow for a more accurate and efficient accounting of the various income and expenses of these entities. In addition, Williams noted that the consolidation would also allow a facilitated review of any rate applications involving these companies, and would provide increased access to credit facilities to allow them to upgrade their facilities as necessary.

Williams noted that the consolidation would be "seamless" to the customers of the various entities, and that they would continue to deal with the same people that they have

always dealt with before in regard to the provision of water and sewer service. Williams further stated that upkeep and management of the various facilities would be enhanced by the merger.

Lewis Nelson Roberts, Jr., manager of the Drinking Water Enforcement Section of the Water Enforcement Division of DHEC testified. Roberts expressed DHEC's concerns about the proposed merger of the corporations because of some compliance problems that the Department has experienced with Mr. Williams. Various enforcement actions have been taken against some of the systems owned by Williams, for which Mr. Williams is responsible, according to Roberts, even though some of the actions were taken prior to Williams's ownership. Roberts expressed DHEC's opinion that merger of the various companies should not be allowed until Piedmont demonstrates that it possesses adequate capital and the managerial commitment to maintain and operate both the existing systems and those of the other corporations.

According to Roberts, DHEC believes that inadequate capital and lack of managerial commitment may be to blame for some of the problems at the facilities of the companies. Some of the problems include, but are not limited to a leaning water tank, occasional low water pressure, improperly stored chemicals, valve maintenance, lack of a flushing plan, inadequate record keeping, and lack of security. These systems receive "unsatisfactory" or "needs improvement" ratings as a result of sanitary surveys conducted by DHEC Staff. Roberts also noted that there was an outstanding \$20,000 fine due and payable to DHEC as the result of an enforcement action against Piney Grove Utilities,

Inc. In addition, Roberts notes an unresolved enforcement action against the Eagle Point water system.

William O. Richardson testified for the Commission Staff, and indicated that there was no evidence to indicate that there would be a negative impact to any customers resulting from the proposal before the Commission.

Williams presented rebuttal testimony to the DHEC testimony. Williams stated a belief that quality of service and the ability of the companies to comply with the regulations of both the Commission and DHEC would be enhanced by the proposed consolidation, as well as the operation of the companies.

We have examined the entire record of this case, including the testimony and exhibits, and have concluded that the Application to consolidate the stock of Eagle Point and Piney Grove with Piedmont should be approved, under certain conditions to be named *infra*. We believe that the consolidation should enhance quality of service, operation, and regulatory compliance. We do have some concerns about the fact that we are missing annual reports from some of the companies, and that there has never been an establishment case for the Tickton Hall water system. We are also concerned about the apparent non-compliance of certain of the systems with DHEC regulations. We will address these concerns hereinafter, and establish certain conditions that must be met by Piedmont in consideration of our approval of the consolidation.

First, within fifteen (15) days after receipt of this Order, Piedmont shall file with this Commission annual reports for Eagle Point and Piney Grove. Second, within thirty

(30) days after receipt of this Order, Piedmont shall file an establishment case for establishment of rates and charges for the Tickton Hall water system.

Third, the sewer bond currently on file with the Commission for Piedmont shall be increased to \$125,000 to reflect the additional annual expense associated with the sewer utilities under Piedmont, as shown by the evidence in the case. This new bond shall be filed as soon as possible after receipt of the Order by the Company. The water bond currently on file for \$100,000 shall remain unchanged.

Fourth, all water and sewer systems under Piedmont must become compliant with all applicable and pertinent DHEC regulations. This Commission hereby adopts the current schedule of compliance set forth by DHEC as fully as if repeated herein verbatim, with the exception of the repayment of any current past due fines owed to DHEC by the consolidated Piedmont Water Company, which we do not herein address.

Fifth, excluding the currently pending cases involving River Pines and Tickton Hall, Piedmont shall not be allowed to either acquire or operate any additional water or sewer utilities without first obtaining and maintaining compliance with DHEC rules for the utilities associated with the newly approved, consolidated Piedmont Water Company, again, with the exception of any current past due fines owed to DHEC.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Executive Director

(SEAL)